



RESEARCH EXPENSE TAX CREDIT WORKSHEET FOR TAX YEAR 2011 36 MRSA § 5219-K

TAXPAYER NAME: _____ EIN/SSN: _____

Note: Owners of pass-through entities (such as partnerships, LLCs, S corporations, trusts) making an eligible investment, see instructions. Enter name and ID number of the entity on the lines below.

NAME OF PASS-THROUGH ENTITY

EIN/SSN

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1. Basic research payments in excess of the federal base that were spent for research conducted in Maine included on federal Form 6765, Section A, line 4 or Form 6765, Section B, line 21. If research is conducted both in and outside of Maine, see instructions on how to calculate the amount to enter on this line 1. _____
 2. Basic Research payments credit: Line 1 x 7.5% (0.075) 2. _____
 3. Total qualified research expenses spent for research conducted in Maine included on federal Form 6765, Section A, line 9 or Form 6765, Section B, line 28 3. _____
 4. Total qualified research expenses applied to research conducted in Maine for the three previous years. For calendar year filers, these are (for short tax years, see instructions):
2010 _____
2009 _____
2008 _____
Total _____ ÷ 3 = Base amount 4. _____
 5. Qualified research expenses in excess of base amount (Line 3 minus line 4) 5. _____
 6. Qualified Research expense credit: line 5 x 5% (0.05) 6. _____
 7. Carryforward from previous years (see instructions) 7. _____
 8. Total available credit: Line 2 plus line 6 plus line 7. Corporations: if amount is greater than \$25,000, see instructions. Enter allowable credit amount on Form 1120ME, Schedule C, line 29g or Form 1040ME, Schedule A, line 12 8. _____

If this is the only Maine income tax credit you are claiming this year, complete lines 9 and 10. Otherwise, go to line 11.

9. Tax Liability. Enter the amount from Form 1120ME, line 7a or Form 1040ME, Schedule A, line 20 9. _____
10. Credit Used. Enter the lesser of line 8 or line 9 10. _____
11. Carryforward amount available for future tax years:
 - a. If you completed lines 9 and 10, subtract line 10 from line 8.
 - b. If you **did not** complete lines 9 and 10, enter the amount from line 8 not used on Form 1040ME, Schedule A or Form 1120ME, Schedule C as a result of claiming other Maine credits and because the total of all credits claimed is limited to the Maine tax liability 11. _____

2011
RESEARCH EXPENSE TAX CREDIT
WORKSHEET INSTRUCTIONS

This credit is available to businesses that spend money for research in Maine. The credit equals 5% of qualified research expenses in excess of the base amount (the base amount is the average research expense for the last three years) plus 7.5% of basic research payments (relating to research performed by qualified universities or scientific research organizations). This credit applies only to the amount spent on research conducted in Maine. "Qualified research" and "qualified research expenses" are defined by the Internal Revenue Code § 41. "Basic research payments" are determined in accordance with the Code § 41(e)(1)(A). The credit cannot reduce the tax liability, excluding minimum tax, below zero. For corporations, the credit is limited to 100% of the first \$25,000 in income tax determined before other credits, plus 75% of the tax amount in excess of \$25,000. Any unused credit amount may be carried forward for a total of 15 years. Special rules apply to corporations that are members of a controlled group as defined by the Code § 41(f)(1)(A) and to corporations that file a Maine combined return.

In the case of pass-through entities (partnerships, LLCs, S corporations, trusts, etc.), the partners, members, shareholders, beneficiaries or other owners are allowed a credit in proportion to their respective interest in these entities.

SPECIFIC LINE INSTRUCTIONS

Enter the taxpayer name and employer identification number ("EIN") or social security number ("SSN").

- Line 1. Enter the basic research payments in excess of the federal base that were spent for research conducted in Maine included on federal Form 6765, Section A, line 4 or Form 6765, Section B, line 21. If the qualifying research is conducted both in and outside Maine, subtract the Maine portion of the federal base period amounts included on federal Form 6765, lines 3 and 20 from the Maine portion of the federal basic research payments included on federal Form 6765, lines 2 and 19. Enter the result on line 1 of the worksheet.
- Line 3. Enter total qualified research expenses applied to research conducted in Maine during the taxable year included on federal Form 6765, Section A, line 9 or Form 6765, Section B, line 28.
- Line 4. Enter the qualified research expenses applied to research conducted in Maine for the three prior tax years. This is the base amount for purpose of calculating the qualified research expense credit. If any of the three prior tax years is a short year, the qualified research expenses must be prorated according to federal regulations.
- Line 7. Enter the amount from your 2010 Research Expense Tax Credit worksheet, line 11.
- Line 8. If a taxable corporation's tax liability exceeds \$25,000 (before other credits), the corporation must enter on line 8 the lesser of the total of lines 2, 6 and 7 or the total of \$25,000 plus 75% of the tax liability (before other credits) exceeding \$25,000.
- Lines 9-11. For individuals and for taxable corporations with a tax liability of no more than \$25,000, the credit is limited to the tax liability of the taxpayer. If a taxable corporation with a tax liability in excess of \$25,000 (before other credits), do not complete lines 9 and 10. Unused credit amounts may be carried forward for 15 years.